GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:828
ANSWERED ON:21.07.2016
Losses Suffered by Air India
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Air India continues to suffer losses in 2015-16;

(b) if so, the details thereof;

(c) whether the Government has provided financial package for its revival, if so, the details thereof;

(d) whether Air India has ever explored the avenue of collaborating with private airlines for optimal utilization of resources, mutual benefits, provision of additional passenger amenities/facilities etc. in order to bring down losses and earn profits, if so, the details thereof and if not, the reasons therefor; and

(e) the steps taken by Air India to make turn-around in its operations and make profits?

Answer

Minister of State in the Ministry of CIVIL AVIATION

(Shri Jayant Sinha)

(a) & (b): No, Madam. As per the Provisional Results of the FY 2015-16, Air India Ltd. is expected to post a moderate Operating Profit. It will be for first time that Air India will post an Operating Profit since its merger in FY-2007-08.

(c): In view of the losses suffered by Air India upto 2010-11 and its mounting debt burden, the Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 12.4.2014, approved a Turnaround Plan (TAP) / Financial Restructuring Plan (FRP) for operational and financial turnaround of Air India. The TAP/FRP envisages equity induction by the Government subject to achievement of certain financial and operational parameters. The details of financial support approved under TAP/FRP are as follows:

i) Upfront equity of Rs.6750 crores in FY 2011-12
ii) Equity for Cash deficit support of Rs.4,552 crores till FY 2017-18
iii) Equity for guaranteed aircraft loan till FY 2021 of Rs.18,929 crores .
iv) For GOI guaranteed Non-Convertible Debentures (NCDs), an amount of Rs.11,951 crores towards interest and Rs.7400 crores towards principal.

Till date, an amount of 23,243 crores has been released as equity support to Air India.

(d): Air India has explored various avenues of collaborating with other airlines. Air India became a member of the prestigious Star Alliance which helps Air India with regard to optimal utilization of resources, mutual benefits, provision of additional passenger amenities/facilities thereby providing passengers global reach, seamless experience, and worldwide recognition.

(e): As a part of the Turn Around Strategy for Air India Ltd., the company with the overall support of the Govt. has initiated a number of steps in order to cut costs and losses. These steps inter-alia include the following:

1. Route rationalization of erstwhile AI & IA routes and elimination of route network involving parallel operations.
2. Rationalization of certain loss making routes.
3. Phasing out of old fleet and consequential reduction in maintenance cost.
4. Joining of Star Alliance;
5. Enhanced utilization of new fleet resulting in production of higher ASKMs.
6. Closure of overseas offline offices at certain locations.
7. Introduction of PSS (Passenger Service System) to have single code and SAP ERP based solutions throughout the organization in terms of increase in revenue and decrease in cost.